



RULES AGENDA: 3-23-05
ITEM: C(1)(b)

Memorandum

TO: RULES COMMITTEE

FROM: Harry Mavrogenes
Executive Director
Redevelopment Agency

SUBJECT: AB 1472 (Coto)

DATE: March 17, 2005

RECOMMENDATION

It is recommended that the Rules Committee recommend support and sponsorship of AB 1472 (Coto) relating to the extension of redevelopment areas linking public transit investment, job creation and affordable housing production.

BACKGROUND

Current Redevelopment law restricts an existing Redevelopment Agency's ability to assist Smart Growth development to retain and create new jobs and expand the affordable housing supply to benefit the State's economy through time and tax increment limits. Moreover, current Redevelopment Agency law does not encourage redevelopment activities designed specifically to link job creation and affordable housing production with public transit investment. Finally, existing redevelopment blight definitions do not allow a Redevelopment Agency to adequately address new economic realities.

For example, in some communities, Redevelopment Plans are midway through their life cycle, thereby limiting their ability to issue new bonds. Additionally, existing office/industrial/research and development space is obsolete and no longer meeting the needs of existing or future companies. In many areas of California, particularly Silicon Valley, the decreased assessed value of property due to a lingering recession has negatively impacted bonding capacity.

Many of these limitations prominently exist in the Rincon de los Esteros Redevelopment Project Area. For example, due to the economic downturn coupled with a substantial reduction of tax increment, the San Jose Redevelopment Agency and Silicon Valley have realized a loss of over 200,000 jobs. City research and recent expansion decisions by companies such as eBay and BEA Systems demonstrate that growth companies want North San Jose to become a mid-rise, pedestrian-friendly environment with business support amenities and high-density housing near jobs and transit.

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ANALYSIS

AB 1472 (Coto) focuses on the time limits for existing plans that substantially limit the ability to assist Smart Growth development to retain and create new jobs and expand the affordable housing supply, which benefits the State's economy. AB 1472 (Coto) will allow Redevelopment Agencies with rail transit located in existing redevelopment areas to take advantage of opportunities to intensify development in the vicinity of transit stations. The Smart Growth alternative to intensify development in the vicinity of transit stations creates new opportunities that cannot be utilized during the sunset-years of a redevelopment plan.

This measure would allow an Agency to amend a plan adopted prior to January 1, 1994, if the following conditions exist:

- (1) The project area is served by a planned or an existing publicly-funded rail transit system with stations located within walking distance of large concentrations of existing and planned development.
- (2) The project area is designated primarily for office, industrial, or research and development use, with high density residential uses allowed.
- (3) The project area has suffered a significant loss in jobs.
- (4) The project area has suffered a significant loss of assessed value due to loss of rental income, business inventory or other economic factors.
- (5) The project area suffers from significant vacancy rates in existing office/industrial/research and development buildings.

AB 1472 would provide an alternative to the current definition of blight to allow Redevelopment Agencies to extend older redevelopment areas for up to 10 years along rail transit lines. This authority will assist in the financing and development of high density housing, job creation and economic development.

For example, AB 1472 would allow the Rincon de los Esteros Project Area to evolve from a traditional industrial park to a high-density, mixed-use housing and employment district linked with the Tasman and Guadalupe Light Rail lines. These key elements of the North San Jose Vision are expected to generate 83,000 new jobs and 32,000 new housing units at all levels of affordability. Without the North San Jose Vision, this area would only be able to sustain an estimated 15,000 new jobs and 7,300 new housing units over the next 25 years.

This bill is consistent with the adopted 2005 Legislative Priorities with regard to Redevelopment Plan extensions.

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COORDINATION

This memorandum was coordinated with the City's Sacramento Legislative Office, the Intergovernmental Relations Office, and the General Counsel's Office.

A handwritten signature in black ink, appearing to read 'HARRY MAVROGENES', with a stylized flourish extending from the end.

HARRY MAVROGENES
Executive Director